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FISCAL IMPACT STATEMENT

LS 7053

BILL NUMBER: HB 1495

NOTE PREPARED: Jan 14, 2011

BILL AMENDED:

SUBJECT: Motorized Bicycle Operation.

FIRST AUTHOR: Rep. Hinkle

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Amends the definition of motorized bicycle to exclude a device used for the transportation of a person with a disability for the purpose of mobility.
- (2) Requires that a motorized bicycle operated on a highway after December 31, 2011, must be titled and registered with the Bureau of Motor Vehicles (BMV), with a registration fee equal to that of a motorcycle.
- (3) Provides that a motorized bicycle subject to registration is subject to the annual License Excise Surtax and the Motor Vehicle Excise Tax.
- (4) Requires that certain funds received from the registration of a motorized bicycle be deposited in the Motorcycle Operator Safety Education Fund.
- (5) Requires the operator of a motorized bicycle on a highway to hold a driver's license, with a certain exception.
- (6) Requires a dealer who sells at least 12 motorized bicycles a year to register as a dealer with the Secretary of State (SOS).
- (7) Prohibits the operation of a motorized bicycle without financial responsibility in effect on the motorized bicycle.
- (8) Requires certain individuals to file accident reports after an accident involving a motorized bicycle.
- (9) Provides that a minor who knowingly: (a) possesses an alcoholic beverage (beverage); (b) consumes the beverage; or (c) transports the beverage on a public highway when not accompanied by at least one of the minor's parents or guardians commits a Class C misdemeanor, and if the minor is found to have violated the above while operating a motorized bicycle, the court may order the minor's driver's license suspended for up to one year, with certain enhancements.
- (10) Repeals the term "motor scooter".

(11) Makes conforming changes, makes technical corrections, and deletes outdated language.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Registration of Motorized Bicycles:* Requiring registration and a certificate of title for motorized bicycles may increase associated expenditures for the BMV. Currently, the BMV provides titles for motorized bicycles (upon request, but not required by current law) but does not register motorized bicycles. The fund affected is the Motor Vehicle Highway Account (MVHA), which supports the BMV. The number of motorized bicycles in Indiana is not known.

Explanation of State Revenues: *Summary:* This bill is expected to increase state revenue from the following sources: (1) fines for traffic violations committed by motorized bicycle operators, (2) insurance premium taxes assessed on policies of financial responsibility sold to operators of motorized bicycles, (3) fees for reinstatement of driver's licenses in certain cases, (4) revenue from penalties for failing to maintain policies of financial responsibility assessed against motorized bicycle operators, and (5) registration and titling of motorized bicycles. The total number of motorized bicycles in the state is unknown. Consequently, the new revenue associated with these provisions is not known.

Additional Information:

Operation of a Motorized Bicycle: This bill will also make the same laws and regulations governing motor vehicles applicable to motorized bicycles. This bill is expected to result in new revenue collected from violations of motor vehicle law.

The total number of motorized bicycles in the state is unknown. However, it is assumed the total number of motorized bicycles in the state would account for a small proportion of the total number of operating motor vehicles in the state. For this reason, the amount of revenue the state can be expected to receive from traffic violations committed by motorized bicycle operators is expected to be small.

Currently, there are 6.7 million motor vehicles (including watercraft and recreational vehicles) registered with the BMV. Approximately 202,000 of these 6.7 million motor vehicles are motorcycles (with an engine size that is greater than 50 cubic centimeters).

Insurance Requirements: This bill may result in more sales of insurance policies to individuals who wish to operate motorized bicycles. Currently, motorized bicycles are not required to register with the Bureau of Motor Vehicles. Revenue received from the Insurance Premium Tax is distributed to the General Fund. To the extent this bill results in additional sales of insurance policies, state revenue may increase from taxes on insurance premiums. Actual increases in state revenue from insurance premiums are indeterminable.

Reinstatement of Driver's License: This bill requires a policy of financial responsibility in effect as a condition of operating a motorized bicycle. Failure to do so constitutes a Class A infraction, and constitutes a Class C misdemeanor if the person has a prior unrelated conviction or judgement for the failure to maintain financial responsibility on a motor vehicle. Further, courts will be allowed to suspend licenses of minors who are determined to have knowingly possessed, consumed, or transported an alcoholic beverage while operating a motorized bicycle on a public highway.

This bill may increase state revenue received from driver's license reinstatement fees. An increase in revenue

from reinstatement fees will increase revenue to the Motor Vehicle Highway Account and the Financial Responsibility Compliance Verification Fund. Currently, the first \$30 of each reinstatement fee paid by an individual is deposited into the MVHA, while the remaining portion is deposited into the Financial Responsibility Compliance Verification Fund.

The current fees paid to have a driver's license reinstated after suspension for failure to maintain financial responsibility (including the amount that is forwarded to the Financial Responsibility Compliance Verification Fund) are as follows.

Suspension	Total Fee	Deposited in the Financial Responsibility Compliance Verification Fund
First Occurrence	\$150	\$120
Second Occurrence	\$225	\$195
Third or Subsequent Occurrence	\$300	\$270

Revenue from Penalties for Failure to Maintain Financial Responsibility: The maximum judgment for a Class A infraction is \$10,000. These fines would be deposited in the state General Fund. Additionally, if this bill results in additional court cases where fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class C misdemeanor is \$500. However, any additional revenue would likely be small.

Titling of Motorized Bicycles: Requiring motorized bicycles to be titled will mean an increase in revenue to the BMV, the total amount of which is expected to be \$45,000 for every 3,000 motorized bicycles in the state that will be titled.

The fee for titling a motorcycle is \$15. Titles can be obtained through dealers and nondealers. The fee distribution varies depending through whom the individual requests a title. Assuming at least half of the 3,000 motorized bicycle owners request titles through *nondealers*, revenue will increase to the following funds:

Distribution of Titling Fee	Fee Portion	Estimated Revenue
Motor Vehicle Highway Account	\$1	\$1,500
Local Roads and Streets	\$3	\$4,500
Crossroads 2000	\$5	\$7,500
BMV Commission Fund	\$4.25	\$6,375
Anti-Terrorism Fund	\$1.25	\$1,875
BMV Technology Fund	\$0.50	\$750
Total	\$15	\$22,500

Additionally, assuming the other half of the 3,000 motorized bicycle will request titles through *dealers*, revenue will increase to the following funds.

Distribution of Titling Fee	Fee Portion	Estimated Revenue
Odometer Fund	\$4	\$6,000
Crossroads 2000	\$5	\$7,500
BMV Commission Fund	\$4.25	\$6,375
Anti-Terrorism Fund	\$1.25	\$1,875
BMV Technology Fund	\$0.50	\$750
Total	\$15	\$22,500

The total change in revenue to the funds affected by requests for titles for every 3,000 vehicles would be as follows.

Fund	Estimated Revenue
Motor Vehicle Highway Account	\$1,500
Local Roads and Streets	\$4,500
Crossroads 2000	\$15,000
BMV Commission Fund	\$12,750
Anti-Terrorism Fund	\$3,750
BMV Technology Fund	\$1,500
Odometer Fund	\$6,000
Total	\$45,000

Registration of Motorized Bicycles: Requiring certain funds received from the registration of a motorized bicycle to be deposited in the Motorcycle Operator Safety Education Fund will increase revenue to the fund. The impact will depend upon the number of motorized bicycles registered annually. The annual registration fee for motorcycles is \$26.05, which includes a \$0.30 fee which is deposited into the Spinal Cord and Brain Injury Fund and a \$7 fee which is deposited into the Motorcycle Operator Safety Education Fund. The table below shows the distribution of the \$26.05 fee for motorcycles, along with the uses of the funds.

Applying the current \$26.05 annual registration fee to motorized bicycles will generate additional annual state revenue. For every 3,000 motor scooters and motorized bicycles that register in the state, this bill is expected to increase state revenue by \$78,150 per year from registration fees. The table below shows the distribution of the motorcycle registration fee for 3,000 motorized bicycles.

Distribution of Annual Registration Fee	Fee	Est'd Revenue for 3,000 motorized bicycles
Motor Vehicle Highway Account (MVHA)	\$8.75	\$26,250
Public Safety Fee	\$0.25	\$750
Motorcycle Operator Safety Education Fund	\$7.00	\$21,000
Crossroads 2000 Fund	\$3.00	\$9,000
BMV Technology Fund	\$0.50	\$1,500
Anti-Terrorism	\$1.25	\$3,750
Bureau of Motor Vehicles Commission (BMVC)	\$5.00	\$15,000
Spinal Cord Brain Injury Fund	\$0.30	\$900
TOTAL	\$26.05	\$78,150

Requiring the possession of an operator's license or an identification card may increase the issuance of these licenses and permits and increase fee revenue. The funds affected are the MVHA, the State Police Building Fund, the Motorcycle Operator Safety Education Fund, the Crossroads 2000 Fund, the BMV Technology Fund, the Anti-Terrorism Fund, and the Bureau of Motor Vehicles Commission (supported by the state License Branch Fund).

Additionally, requiring a dealer of at least 12 motorized bicycles per year to register as a dealer with the Secretary of State will mean additional revenue. The funds affected are the Dealer Compliance Account and the MVHA.

Background Information: In FY 2010 the BMV completed 193,890 motorcycle registration transactions and received a total of \$5.05 M in revenue from these transactions.

The MVHA may be used for road construction, reconstruction, and maintenance for cities, towns, and counties. The MVHA also supports entirely the operation of the BMV, a significant part of the operation of the Department of Transportation, about 61% of the operation of the State Police, and part of the operation of the state Department of Revenue.

The Public Safety fee supports the State Police Building Fund, which is used for construction, maintenance, and equipping of and/or leasing of State Police facilities. The Motorcycle Operator Safety Education Fund supports motorcycle education. The Crossroads 2000 Fund supports highway bonding. The BMV Technology Fund supports technology for the BMV.

The anti-terrorism fee supports the Integrated Public Safety Commission (IPSC). The IPSC operates Project Hoosier Safe-T (Safety Acting for Everyone-Together, an initiative of the IPSC). The Commission works with local, state, and federal public safety agencies to implement a statewide, interoperable, digital, 800 MHz trunked voice and mobile data communications network for public safety officials. SAFE-T will provide 95% statewide mobile coverage through a baseline design of 126 communication sites. SAFE-T seeks to replace inadequate, obsolete, and incompatible communications systems and allow coordination and response to routine, emergency and catastrophic events. Public safety agencies independently choose whether or not to participate in SAFE-T.

The Bureau of Motor Vehicles Commission is supported by the state License Branch Fund. The Spinal Cord and Brain Injury Fund supports research for spinal cord and brain injuries. The Dealer Compliance Account is used by the Secretary of State to monitor dealers.

Explanation of Local Expenditures: *Penalty Provision:* A Class C misdemeanor is punishable by up to 60 days in jail.

Explanation of Local Revenues: *County Motor Vehicle Excise Tax:* This bill will allow counties to assess a county vehicle excise tax on motorized bicycles. The bill also adds a specific schedule for motorized bicycles that is between \$200 and \$1,500 in value at the time of purchase. The bill does not specify an excise tax amount for this classification.

The bill would also subject motorized bicycles to the county Excise Surtax. In CY 2010, 47 counties imposed a Surtax. The Surtax rate was a flat amount in 28 of those counties, and the Surtax rate was based on a percentage of the pre-1996 excise tax schedule in the other 19 counties. The minimum surtax in each county is \$7.50. Each of the motorized bicycles, whether part of the new class or part of an existing class, would be subject to the Surtax. The Excise Surtax is distributed to cities, towns, and counties based on the formula for the Local Road and Street Account.

See also *Explanation of State Revenues* regarding funds from the MVHA that are distributed to cities, towns, and counties.

Penalty Provision: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: BMV; Secretary of State; State Police; Department of Transportation; Department of Revenue.

Local Agencies Affected: Recipients of MVHA distributions; various public safety agencies; trial courts, local law enforcement agencies.

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